

Message Text

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ACTION AF-08

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FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 5799

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 4571

E.O. 11652: N/A

TAGS: ELAB SF US

SUBJ: FURTHER USG ACTION REGARDING LABOR PRACTICES
OF US AFFILIATES IN SOUTH AFRICA

1. DURING RECENT VISIT TO PRETORIA BY DIRECTOR OF AF/S,
QUESTION CAME UP OF FURTHER MEASURES WHICH MIGHT BE INVOKED
TO ENCOURAGE LIBERAL LABOR PRACTICES BY US AFFILIATES IN
SOUTH AFRICA. EMBASSY BELIEVES THERE IS ROOM FOR MORE ACTIVE
USG ROLE IN THIS AREA. PURPOSE OF THIS MESSAGE IS TO OUTLINE
SOME ALTERNATIVE APPROACHES FOR CONSIDERATION BY DEPT
AND OTHER US AGENCIES.

2. AS DESCRIBED IN PRETORIA'S 4358, WE BELIEVE VIRTUALLY
ALL US AFFILIATES HAVE SIGNIFICANTLY IMPROVED CONDITIONS FOR
BLACK LABOR FORCES SINCE EMBASSY SURVEY OF 1973. MOST FIRMS
ARE SENSITIZED TO THE ISSUE AND ARE CONSCIOUSLY ATTEMPTING
TO UPGRADE THEIR OWN RECORD. HOWEVER, MANY SMALLER, LESS
CONSPICUOUS SUBSIDIARIES, UNDER LITTLE PRESSURE FROM
THEIR US PARENT, TEND TO AIM AT LOCAL NORMS IN TREATMENT
OF BLACKS RATHER THAN STRIVE FOR A HIGHER STANDARD
HAVING A US IMPRINT.

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3. EVEN IN MOST PROGRESSIVE US AFFILIATES, FACT REMAINS THAT MANY CONDITIONS PERSIST THAT WOULD BE WHOLLY UNACCEPTABLE IN US PARENT. BLACKS EARN ONLY ONE-THIRD TO ONE-FIFTH OF THAT EARNED BY WHITES ON AVERAGE, AND MANY FIELDS OF EMPLOYMENT ARE CLOSED TO THEM, SUPERVISORY POSSIBILITIES ARE CONSTRICTED, ONLY RARELY ARE PENSION OR UNEMPLOYMENT BENEFITS AVAILABLE AND COLLECTIVE BARGAINING DOES NOT EXIST.

4. LARGER US COMPANIES HAVE RESPONDED TO PRESSURES AND PUBLICITY FROM INSTITUTIONAL INVESTORS AND OTHER SOURCES. USG ACTIONS HAVE BEEN CONFINED, AT LEAST WITHIN SOUTH AFRICA, TO EMBASSY'S URGINGS TO ADOPT LIBERAL POLICIES AND TWO SURVEYS OF LABOR PRACTICES WHICH ONLY TOUCHED MORE PROMINENT FIRMS. MORE DIRECT USG MONITORING OF US-OWNED FIRMS IN SOUTH AFRICA WOULD BE CONSISTENT WITH OUR OBJECTIVES DEFINED IN RECENT STATEMENTS BY THE SECRETARY. ON OTHER HAND, SUCH AN EFFORT LIABLE TO HAVE LIMITED RESULTS ARISING FROM FACT THAT PROGRESS HAS ALREADY OCCURRED AS A RESULT OF EARLIER PRESSURES AND MANY FIRMS WILL BE RESISTANT TO NEW AND COSTLY PROGRAMS WHEN RECESSION HERE AND DOUBTS ABOUT FUTURE STABILITY ALREADY MAKING SOUTH AFRICAN OPERATIONS LESS ATTRACTIVE.

5. JOHANNESBURG'S A-78 OF SEPT 15 DESCRIBES THE AREAS IN WHICH AMERICAN FIRMS MIGHT BE CALLED UPON TO MEET HIGHER BENEFIT STANDARDS, E.G. WAGES, PROMOTIONS, TRAINING, PENSIONS, MEDICAL PROGRAMS, SICK LEAVE, TRANSPORTATION, HOUSING, EDUCATION AND EDUCATION OF FAMILIES.

6. IN EACH OF THESE AREAS IT WOULD BE POSSIBLE TO IDENTIFY ONE OR A FEW COMPANIES WHICH HAVE MODEL PROGRAMS IN BEING THAT COULD SERVE AS A GUIDELINE. IN MOST CASES, MAJOR CONCERNS SUCH AS FORD, GM, IBM, CARBORUNDUM-UNIVERSAL, CATERPILLAR, WOULD SET THE HIGHEST STANDARD. WE WOULD BE PREPARED, WITH HELP OF CONGEN JOHANNESBURG, TO APPROACH SPECIFIC COMPANIES TO OBTAIN DETAILS ON THESE PROGRAMS AND SEEK THEIR CONSENT TO PUBLICIZE THEM AS PART OF OUR EFFORT TO DEVELOP GUIDELINES. CONCERN WE HAVE, HOWEVER, IS THAT IT IS NOT POSSIBLE TO FORMULATE AN ALL-ENCOMPASSING STANDARD EQUALLY APPLICABLE TO, FOR EXAMPLE, A REMOTE, LARGE-SCALE LIMITED OFFICIAL USE

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MINING PROJECT AND A SMALL MARKETING FIRM ON FRINGE OF JOHANNESBURG. MOREOVER, SUCH A PROJECT UNLIKELY TO ACHIEVE SUBSTANTIAL EFFECT UNLESS MEANS DEVELOPED FOR FOLLOW-UP AND PUBLICIZING RESULTS, BOTH GOOD AND BAD.

7. IN OUR JUDGMENT, A PREFERRED APPROACH WOULD BE THROUGH AN EFFORT BY STATE, LABOR AND COMMERCE DEPARTMENTS TO SECURE INTENSIFIED INVOLVEMENT OF AMERICAN PARENT FIRMS IN

PRACTICES OF THEIR SA SUBSIDIARIES. WOULD BE FAR BETTER FOR US PRIVATE SECTOR TO DEVELOP REASONABLE GOALS AND STANDARDS, TO APPLY THESE TO THEIR SUBSIDIARIES AND TO MONITOR RESULTS.

8. THIS APPROACH AVERTS NEED FOR US GOVT MACHINERY TO COLLECT AND ANALYZE DATA WHICH IN ANY EVENT WOULD DEPEND ON WILLINGNESS OF FIRMS TO COOPERATE. WOULD ALSO BE MUCH LESS LIKELY, BECAUSE OF INFORMATION ACT INHIBITIONS, TO BE SUBJECT OF INTERFERENCE FROM SAG.

9. WE VISUALIZE SERIES OF PANELS MANNED BY SPECIALISTS FROM US PARENT FIRMS, PREFERABLY WITH ORGANIZED LABOR FROM THOSE FIRMS REPRESENTED, TO STUDY HOW PROGRAMS IN VARIOUS AREAS ARE CONDUCTED BY AFFILIATES IN SA AND TO DRAW UP RECOMMENDATIONS OR GUIDELINES TO BE CONSIDERED FOR ADOPTION BY OTHER US AFFILIATES.

10. AN ESPECIALLY COMPLEX AREA IS THAT OF TRADE UNIONS, AN EXCELLENT ANALYSIS OF WHICH IS CONTAINED IN A-78. IDEALLY, IF BLACK WORKERS COULD BARGAIN ON EQUAL TERMS FOR WAGES AND OTHER RIGHTS, THIS WOULD MINIMIZE NEED FOR PATERNALISTICALLY IMPOSED WAGE SCHEDULES AND FRINGE BENEFITS. EVEN WITH BEST INTENTIONS ON PART OF AMERICAN FIRMS, THIS WILL BE DIFFICULT AREA IN WHICH TO MAKE PROGRESS SINCE SAG IS OPPOSED BOTH TO FORMATION OF AND TO GIVING LEGAL STATUS TO BLACK UNIONS. PROBLEM IS COMPOUNDED BY FACT THAT INDUSTRIAL RELATIONS OFFICERS EMPLOYED BY US FIRMS LIKELY TO BE SOUTH AFRICANS WITH SCANT UNDERSTANDING OF SUBJECT AS PRACTICED IN US. NEVERTHELESS, THERE IS NO LEGAL OBSTACLE TO THE FORMATION OF BLACK UNIONS AND INDIVIDUAL COMPANIES DEALING WITH THEM IF THEY WANT. THIS PROVIDES OPPORTUNITY FOR AMERICAN COMPANIES TO ENCOURAGE LIMITED OFFICIAL USE

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THEIR BLACK WORKERS TO FORM A UNION AND BARGAIN WITH THEM.

11. AS A BEGINNING, WE MIGHT ENCOURAGE CREATION OF COMMITTEE OF US LABOR UNION REPS AND EXPERIENCED INDUSTRIAL RELATIONS SPECIALISTS OF PARENT US FIRMS TO VISIT SOUTH AFRICA AND EXAMINE PROBLEMS RELATED TO FORMATION OF RESPONSIBLE UNION REPRESENTATION OF BLACK EMPLOYEES AND STEPS WHICH US COMPANIES MIGHT TAKE TO ENCOURAGE BLACK WORKERS TO SET UP SUCH UNIONS. AS NOTED ABOVE THIS MAY RUN INTO OBJECTION BY SAG BUT WE THINK IT IS WORTH A TRY TO TEST REACTION. OBVIOUSLY GROUP WOULD HAVE TO PROCEED WITH GREAT DISCRETION AND CAST ITS MISSION IN BROADER CONTEXT.

12. WE HAVE DISCUSSED WITH BRITISH EMBASSY LABOR OFFICER

RESULTS OF UK CODE OF PRACTICE WHICH HAS NOW BEEN OPERATING
A LITTLE OVER A YEAR.BELIEVE UK EXPERIENCE HAS CONSIDERABLE
RELEVANCE FOR US AND WE ARE SUMMARIZING HIS VIEWS I PARALLEL
MESSAGE.

13. EMBASSY WILL BE RESPONDING TO STATE 228027 RE ROLE OF
LABOR ATTACHE IN SEPARATE MESSAGE.
BOWDLER

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